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**From:**

**Sent:** Monday, February 02, 2009 1:47:45 PM

**To:**

**Cc:**

**Subject:** RE: Circular Linkage on 1065s

Any partnership item included on an attachment to the Schedule K-1 is part of the Schedule K-1 itself. To the extent a partner files inconsistently with his Schedule K-1, we can directly assess the difference under section 6222, unless the assessment would constitute an affected item requiring partner-level determinations under section 6230(a)(2)(A)(i). In other words, inconsistent filing eliminates the restriction on assessment under section 6225, but not any other restriction that may apply. If the inconsistent item is an item of gain or loss, this should be purely computational, not requiring an affected item notice of deficiency under section 6230(a)(2).

I have not seen the circular partnership structure mentioned below and would need further facts before I could opine on the correct procedure.